

SWELLENDAM MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended
30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 49, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 23 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

W.F. Hendricks
Municipal Manager

12 September 2008
Date

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SWELLENDAM MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

OTHER INFORMATION

Nature of Business	Swellendam Municipality is a local municipality performing the functions as set out in the Constitution.(Act no 105 of 1996).
Country of Origin and Legal Form	South African local municipality as defined by the Municipal Structures Act (Act no 117 of 1998)
Directors	W.F. Hendricks - Municipal Manager N.B. Delo - Chief Financial Officer N. Nel - Director: Corporate Services W. Clayton - Director: Community Services E.J. Wentzel - Director: Engineering Services
Principal Bankers	FNB Swellendam
Auditors	Office of the Auditor General (WC)
Attorneys	Powell Kelly Veldman
Registered Office	Swellendam Municipality 49 Voortrek Street
Relevant Legislation	Municipal Finance Management Act (Act no 56 of 2003) Division of Revenue Act The Income Tax Act Value Added Tax Act Municipal Structures Act (Act no 117 of 1998) Municipal Systems Act (Act no 32 of 2000) Municipal Planning and Performance Management Regulations Water Services Act (Act no 108 of 1997) Housing Act (Act no 107 of 1997) Municipal Property Rates Act (Act no 6 of 2004) Electricity Act (Act no 41 of 1987) Skills Development Levies Act (Act no 9 of 1999) Employment Equity Act (Act no 55 of 1998) Unemployment Insurance Act (Act no 30 of 1966) Basic Conditions of Employment Act (Act no 75 of 1997) Supply Chain Management Regulations, 2005 Collective Agreements Infrastructure Grants SALBC Leave Regulations

SWELLEN DAM MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2008

	Note	2008 R	2007 R
NET ASSETS AND LIABILITIES			
Net assets		81 258 209	69 139 568
Housing Development Fund	2	3 675 728	3 449 793
Capital replacement reserve	3	6 974 425	1 000 000
Capitalisation reserve	3	4 320 423	4 915 669
Government grant reserve	3	22 679 552	21 638 109
Accumulated Surplus/(Deficit)		43 608 081	38 135 997
Non-current liabilities		17 700 221	15 292 256
Long-term liabilities	4	17 700 221	15 292 256
Current liabilities		8 716 403	9 501 923
Consumer deposits	5	854 302	709 572
Trade payables	6	3 861 162	4 923 054
Unspent conditional grants and receipts	7	2 128 314	1 584 525
Taxes		399 795	-
Cash and cash equivalents	17	-	-
Current portion of long-term liabilities	4	1 472 830	2 284 773
Total Net Assets and Liabilities		107 674 833	93 933 748
ASSETS			
Non-current assets		75 249 453	72 426 618
Property, plant and equipment	10	71 877 393	69 033 026
Intangible Assets	11	34 365	-
Investment Properties	12	2 508 635	2 508 635
Long-term receivables	13	829 061	884 957
Current assets		32 425 379	21 507 129
Inventory	14	410 573	461 604
Trade receivables from exchange transactions	15	6 335 057	4 630 220
Other receivables from non-exchange transactions	16	6 791 563	3 630 724
Taxes	8	-	402 962
Unpaid Conditional Grants & Receipts		-	670 122
Current portion of long-term receivables	13	3 565	8 876
Cash and cash equivalents	17	18 884 621	11 702 621
Total Assets		107 674 832	93 933 747

SWELLENDAM MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30th JUNE 2008

		Actual	
	Note	2008 R	2007 R
REVENUE			
Revenue from Non-exchange Transactions		29 782 091	27 255 064
Taxation revenue		14 469 984	12 104 090
Property rates	18	14 469 984	12 104 090
Transfer revenue		12 384 111	12 432 781
Government grants and subsidies	20	12 384 111	12 432 781
Other revenue		2 927 996	2 718 193
Fines	App "E (1)"	2 927 996	2 718 193
Revenue from Exchange Transactions		51 314 378	38 167 845
Service charges	19	37 892 029	32 087 594
Rental of facilities and equipment	App "E (1)"	874 152	777 422
Interest earned - external investments	App "E (1)"	2 224 660	1 931 915
Interest earned - outstanding debtors	App "E (1)"	1 286 263	1 052 176
Licences and permits	App "E (1)"	1 020 873	895 581
Income for agency services	App "E (1)"	619 209	530 690
Other income	21	7 397 192	892 466
Total Revenue		81 096 469	65 422 909
EXPENDITURE			
Employee related costs	22	23 916 074	20 568 540
Remuneration of Councillors	23	2 119 543	1 860 477
Bad debts	15	-	900 010
Depreciation	10	7 899 674	4 393 650
Amortisation - Intangible Assets	11	87 084	26 737
Repairs and maintenance		9 138 554	8 250 027
Interest paid	25	1 958 617	1 990 838
Bulk purchases	26	10 121 125	9 108 233
Grants and subsidies paid	27	2 153 900	2 920 592
Operating Grant Expenditure	App "F"	2 246 318	-
General expenses	28	9 336 937	10 179 059
Total Expenditure		68 977 827	60 198 161
Surplus for the year		12 118 642	5 224 748
Gain on disposal of property, plant and equipment	31	-	82 067
Loss on disposal of property, plant and equipment	31	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		12 118 642	5 306 816
Refer to Appendix E(1) for explanation of variances			

SWELLENDAM MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2008

	<u>Pre-GAMAP Reserves and Funds</u> R	<u>Housing Development Fund</u> R	<u>Capital Replacement Reserve</u> R	<u>Capitalisation Reserve</u> R	<u>Government Grant Reserve</u> R	<u>Donations and Public Contributions Reserve</u> R	<u>Self Insurance Reserve</u> R	<u>Revaluation Reserve</u> R	<u>Accumulated Surplus/ (Deficit)</u> R	<u>Total</u> R
2007										
Balance at 30 June 2006	21 479 174	-	-	-	-	-	-	-	9 644 720	31 123 894
Change in accounting policy - See Note 31	-21 479 174	5 023 686	1 000 000	9 213 988	20 028 940	-	-	-	17 356 053	31 143 494
Offsetting of Backlog Depreciation	-	-	-	-2 649 791	-763 111	-	-	-	3 412 902	-
Restated balance	-	5 023 686	1 000 000	6 564 198	19 265 829	-	-	-	30 413 675	62 267 387
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	5 306 816	5 306 816
Transfer to/from CRR	-	-	975 479	-	-	-	-	-	-975 479	-
Property, plant and equipment purchased	-	-	-975 479	-	-	-	-	-	975 479	-
Capital grants used to purchase PPE	-	-	-	-	4 591 622	-	-	-	-4 591 622	-
Transfer to Housing Development Fund	-	-1 573 893	-	-	-	-	-	-	1 573 893	-
Correction of error	-	-	-	-	-	-	-	-	122 155	122 155
Asset disposals	-	-	-	-480 303	-	-	-	-	480 303	-
Offsetting of depreciation	-	-	-	-608 290	-941 320	-	-	-	1 549 610	-
Balance at 30 June 2007	-	3 449 793	1 000 000	5 475 606	22 916 131	-	-	-	34 854 829	67 696 358
2008										
Change in accounting policy - See Note 31	-	-	-	-559 937	-1 278 022	-	-	-	3 281 168	1 443 209
Restated balance	-	3 449 793	1 000 000	4 915 669	21 638 109	-	-	-	38 135 997	69 139 568
Net surplus/(deficit) for the year	-	-	-	-	-	-	-	-	12 118 642	12 118 642
Transfer to/from CRR	-	-	11 500 000	-	-	-	-	-	-11 500 000	-
Property, plant and equipment purchased	-	-	-5 525 575	-	-	-	-	-	5 525 575	-
Capital grants used to purchase PPE	-	-	-	-	2 372 793	-	-	-	-2 372 793	-
Transfer to Housing Development Fund	-	225 935	-	-	-	-	-	-	-225 935	-
Offsetting of depreciation - Intangible Assets	-	-	-	-595 245	-1 331 349	-	-	-	1 926 595	-
Balance at 30 June 2008	-	3 675 728	6 974 425	4 320 423	22 679 552	-	-	-	43 608 081	81 258 209

SWELLENDAM MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008 R	2007 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other	31	76 073 832	58 660 897
Cash paid to suppliers and employees	31	(60 094 343)	(50 466 336)
Cash generated from/(utilised in) operations	31	15 979 489	8 194 561
Interest received	31	2 224 660	1 931 915
Interest paid	31	(1 958 617)	(1 990 838)
NET CASH FROM OPERATING ACTIVITIES		16 245 532	8 135 639
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(10 744 041)	(9 802 457)
Proceeds on disposal of fixed assets	10	-	562 370
(Increase)/Decrease in Intangible Assets	11	(121 449)	-
(Increase)/Decrease in biological assets	12	-	-
(Increase)/Decrease in long-term receivables	13	61 208	1 920 871
NET CASH FROM INVESTING ACTIVITIES		(10 804 282)	(7 319 216)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)	4	1 596 022	2 375 953
Increase/(Decrease) in consumer deposits	5	144 729	111 692
NET CASH FROM FINANCING ACTIVITIES		1 740 751	2 487 645
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7 182 001	3 304 066
Cash and cash equivalents at the beginning of the year	32	11 702 621	8 398 554
Cash and cash equivalents at the end of the year	32	18 884 621	11 702 621
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7 182 000	3 304 066

	2008 R	2007 R
2 HOUSING DEVELOPMENT FUND		
Housing Development Fund	3 675 728	3 449 793
Loans extinguished by Government on 1 April 1998	<u>3 675 728</u>	<u>3 449 793</u>
Total Housing Development Fund Assets and Liabilities	<u>3 675 728</u>	<u>3 449 793</u>

The above balances are partly represented by cash and is invested together with the other investments of the municipality (See Notes 17)

3 NETT ASSET RESERVES		
RESERVES	33 974 400	27 553 777
Capital Replacement Reserve	6 974 425	1 000 000
Capitalisation Reserve	4 320 423	4 915 669
Government Grant Reserve	<u>22 679 552</u>	<u>21 638 109</u>
Sub-total	<u>33 974 400</u>	<u>27 553 777</u>
Total Nett Asset Reserve Assets and Liabilities	<u>33 974 400</u>	<u>27 553 777</u>

4 LONG-TERM LIABILITIES		
Annuity Loans - At amortised cost	17 320 095	14 982 940
Capitalised Lease Liability - At amortised cost	<u>1 852 956</u>	<u>2 594 089</u>
Total Long-term Liabilities - At amortised cost (excluding Short-term)	19 173 051	17 577 029
Less : Current portion transferred to current liabilities	<u>(1 472 830)</u>	<u>(2 284 773)</u>
Financial Lease	(826 967)	(819 378)
Annuity Loans	<u>(645 864)</u>	<u>(1 465 395)</u>
Total Long-term Liabilities - At amortised cost	<u>17 700 221</u>	<u>15 292 256</u>

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice

- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
- Leases (AC 105) Recognising operating lease payments / receipts on a straight line basis if the amount is recognised on the basis of the cash flows in the lease agreement. [SAICA Circular 12/06 paragraphs 8-11 and paragraphs 33, 34, 50, 51 of AC 105]

The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year

Payable within two to five years

Less: Future finance obligations

Present value of lease obligations

Less: Amounts due for settlement within 12 months

Amount due for settlement after 12 months

	2008	2007
Minimum lease payments		
	998 973	1 085 294
	<u>1 122 322</u>	<u>2 032 544</u>
	2 121 294	3 117 838
	<u>268 339</u>	<u>523 749</u>
	1 852 956	2 594 089
	<u>(826 967)</u>	<u>(819 378)</u>
	<u>1 025 989</u>	<u>1 774 712</u>

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance leases.

5 CONSUMER DEPOSITS		
Water & Electricity	854 302	709 572
Total Consumer Deposits	<u>854 302</u>	<u>709 572</u>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

6 TRADE PAYABLES		
<u>Sundry Payables</u>		
Trade payables	3 487 513	4 510 996
Other: Deposits	<u>65 922</u>	<u>80 251</u>
	3 553 435	4 591 247
Employee Benefit Liabilities		
Staff Leave	307 727	331 806
Total Trade Payables	<u>3 861 162</u>	<u>4 923 054</u>

Payables being paid within 30 days are being recognised net of discounts.

7	UNSPENT CONDITIONAL GRANTS AND RECEIPTS	2008 R	2007 R
7.1	Conditional Grants from other spheres of Government		
	Unspent Grants	2 128 314	1 584 525
	Less: Unpaid Grants	-	670 122
	Total Conditional Grants and Receipts	<u>2 128 314</u>	<u>914 403</u>
	See appendix "F" for reconciliation of grants from other spheres of government. These amounts are invested in a ring-fenced investment until utilised and approximate its carrying value. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised (Note 21). No grants were		
8	TAXES		
	VAT payable	3 961 636	3 141 637
	VAT receivable	<u>3 561 840</u>	<u>3 544 599</u>
		<u>(399 795)</u>	<u>402 962</u>
	VAT is payable on the receipts basis. Only once payment is received from debtors is VAT paid over to SARS.		
9	SHORT-TERM LOANS		
	The Municipality has no short term loans		

		2008 R	2007 R
11	INTANGIBLE ASSETS		
	Cost		
	Balance 1 July 2007	201 659	80 210
	Acquisitions for the year - At cost	80 210	80 210
		121 449	-
	Less: Accumulated Amortisation		
	Balance 1 July 2007	(167 294)	(80 210)
	Accumulated Amortisation for the year	(80 210)	(53 473)
		(87 084)	(26 737)
	Total Intangible Assets	34 365	-
	 Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.		
	• Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.		
12	INVESTMENT PROPERTY		
	Net Carrying amount at 1 July	2 508 635	2 508 635
	Cost	2 508 635	2 508 635
	Accumulated Amortisation	-	-
	Acquisitions	-	-
	Depreciation	-	-
	Cost	2 508 635	2 508 635
	Accumulated Amortisation	-	-
	Net Carrying amount at 30 June	2 508 635	2 508 635
	The Municipality only identified Investment Properties out of PPE during the 2006/2007 financial year.		
	Properties was included under Property, Plant and Equipment in the prior year. The fair value of Investment Properties will be determined with the next general valuation.		
	Revenue to the amount of R9111.41 was earned from the Investment Properties.		
	Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice.		
	• Investment Property (AC 135) The entire standard to the extent that property is accounted for in terms of GAMAP 17.		
	• Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) –		
13	LONG-TERM RECEIVABLES		
	Staff Car Loans - At amortised cost	-	1 216
	Plots sold	55 038	55 038
	Capital Individual Loans	8 978	16 638
	Housing Loan Scheme	768 609	820 941
		832 626	893 834
	Less : Current portion transferred to current receivables	3 565	8 876
	Staff Car Loans - At amortised cost	-	1 216
	Plots sold	-	-
	Capital Individual Loans	3 565	7 660
	Housing Loan Scheme	-	-
	Less: Provision for Bad Debts	-	-
	Total Long-term receivables	829 061	884 957
	CAR LOANS		
	Vehicle loans are not granted to officials of the municipality. The outstanding amount relates to prior years and is still collectable. Senior staff were entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 5 years. These loans are redeemed July 2007 or when the employee resigns. The car loans are secured over the asset.		
	PLOTS SOLD		
	Plots loans are not granted to officials of the municipality. The outstanding amount relates to prior years plot loans to the public of Suurbraak and is still collectable. Public plot loans attract interest at average 7% per annum and which are repayable over a maximum period of 20 years. These loans are redeemed June 2013. The public plot loans are secured over the asset.		
	CAPITAL INDIVIDUAL LOANS		
	Sport organisation individual loans are not granted to officials of the municipality. The outstanding amount relates to prior year loans to Sport organisations and are still collectable. Sport organisation individual loans attract interest at average 6,5% per annum and which are repayable over a maximum period of 10 years. These loans are redeemed June 2013. The capital individual loans are secured over the improvement of municipal sport facilities.		
	HOUSING LOAN SCHEME		
	The outstanding amount relates to prior years and is still collectable. Council has resolved to write off these loans fully. Housing loans attract interest at average 7% per annum and which are repayable over a maximum period of 20 years. These loans are redeemed June 2013. The housing loans are secured over the asset.		
	Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice		
	• Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]		
	• Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.		

14 INVENTORY

Consumable Stores - Stationery and materials

Total Inventory

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)b of the notice

• Inventories: The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17. The entire standard to the extent that it relates to water stock that was not purchased by the municipality.

15 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

Other receivables
Water
Electricity
Rentals
Deposits
Refuse
Sanitation

Total : Trade receivables from exchange transactions

Less : Provision for bad debts

Total

Trade receivables accounts from exchange transactions accounts written off during the year:
No competitive information per service available in the 2007 financial year.

(Electricity): Ageing

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Total

(Water): Ageing

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Total

(Refuse): Ageing

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Total

(Sanitation): Ageing

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Total

(Total of all Services): Ageing

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Total

No competitive information per service available in the 2007 & 2008 financial year.

Summary of Trade Receivables from exchange transactions by Customer Classification (including rates)

30 June 2008

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Sub-total
Less: Provision for bad debts

Total Trade Receivables from exchange transactions by Customer Classification (including rates)

Summary of Trade Receivables from exchange transactions by Customer Classification (including rates)

30 June 2007

Current (0 – 30 days)
31 - 60 Days
61 - 90 Days
+ 90 Days
Sub-total
Less: Provision for bad debts

Total Trade Receivables from exchange transactions by Customer Classification (including rates)

No receivables transactions by Customer Classification are available of both financial years on the system

Concentrations of credit risk with respect to trade receivables from exchange transactions are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

2008 R	2007 R
410 573	461 604
410 573	461 604

2008 R	2007 R
5 343 359	15 218 239
4 737 479	3 377 409
396 239	2 408 934
202 598	
2 607 161	
3 976 020	-
5 446 563	-
22 709 419	21 004 582
22 709 419	21 004 582

(16 374 361) (16 374 361)

6 335 057 4 630 220

- -

- 1 077 948
- 98 597
- 68 512
- 1 163 877
- 2 408 934

- 374 830
- 112 854
- 87 069
- 2 802 656
- 3 377 409

-
-
-
-
- -

-
-
-
-
- -

- 747 725
- 318 888
- 270 936
- 9 409 979
- 10 747 528

Residential	Industrial/ Commercial	National and Provincial Government
R	R	R
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

Residential	Industrial/ Commercial	National and Provincial Government
R	R	R
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

16 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates

Other Receivables from non-exchange transactions

Less : Provision for bad debts

Total

Rates: Ageing

Current (0 – 30 days)

31 - 60 Days

61 - 90 Days

+ 90 Days

Total

Concentrations of credit risk with respect to other receivables from non-exchange transactions are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The fair value of other receivables from non-exchange transactions approximate their carrying value.

The provision for doubtful debts on other receivables from non-exchange transactions exists due to the possibility that not all debts will be recovered. Receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

2008 R	2007 R
7 319 563	4 158 724
7 319 563	4 158 724
(528 000)	(528 000)
6 791 563	3 630 724

-	374 317
-	233 489
-	49 484
-	3 501 434
-	4 158 724

17 CASH AND CASH EQUIVALENTS

Assets

Call Investment Deposits

Primary Bank Account

Cash Floats

Total Cash and Cash Equivalents - Assets

Liabilities

Primary Bank Account (Overdraft cashbook balance)

Total Cash and Cash Equivalents - Liabilities

The deposits are ring fenced in order to finance the Capital Replacement Reserve, the Housing Development Fund and Unspent Conditional Grants

(See note 2, 3 and 7) The effective interest rate was 9.1% (2007: 6.5%).

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

First National Bank - Swellendam - Account Number 53840005730 (Primary Account)

ABSA - Barrydale - Account Number 2390560039

Cashbook balance at beginning of year

Cashbook balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

(See note 2, 3 and 7) The effective interest rate was 9.1% (2007: 6.5%).

8 000 000	1 401 685
10 882 821	10 299 136
1 800	1 800
18 884 621	11 702 621

-	-
-	-

10 299 136	4 084 739
10 882 821	10 299 136

12 265 590	6 284 335
12 166 565	12 265 590

18	PROPERTY RATES	2008 R	2007 R
	<u>Actual</u>		
	Rateable Land and Buildings	14 620 147	12 104 090
	Less: Income Foregone	(150 163)	-
	Total Assessment Rates	14 469 984	12 104 090
	<u>Valuations</u>	<u>July 2007</u>	<u>July 2006</u>
	Taxable	1 209 712 550	1 209 712 550
	Exempted	18 487 955	18 487 955
	Total Property Valuations	1 228 200 505	1 228 200 505
	Rural Areas	355 111 870	355 111 870
	Residential Areas	700 306 630	700 306 630
	Commercial Areas	89 905 011	89 905 011
	Government and municipal	61 839 233	61 839 233
	Building Claws.	2 549 806	2 549 806
	Total Property Valuations	1 209 712 550	1 209 712 550
	Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2004. The basic rate is Swellendam, Barrydal, Suurbak 1,62c, Malagas, Infanta Park, Infanta, 0.81c, Ostrichville, 1,62c, Agricultural Properties 0.41c, Buffeljagsrivier, 1.21c per Rand on land and buildings. There		
	Rates are levied annually and monthly and monthly installments are payable by the 15th of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.		
19	SERVICE CHARGES		
	Electricity	18 546 265	17 204 658
	Service charges	18 546 265	17 204 658
	Less: Rebates	-	-
	Water	6 984 651	4 778 045
	Service charges	6 984 651	4 778 045
	Less: Rebates	-	-
	Refuse removal, Sewerage and Sanitation Charges	12 361 113	10 104 892
	Service charges	12 361 113	10 104 892
	Less: Rebates	-	-
	Total Service Charges	37 892 029	32 087 594
	<i>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the notice</i>		
	• Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]		
20	GOVERNMENT GRANTS AND SUBSIDIES		
	Transformation Costs	4 379	26 508
	Swellendam Festival	7 976	19 630
	Vegetable Project	1 066	420 083
	Upgrade: Library Suurbak	1 000	-
	Toilet Facilities	13 408	24 782
	Project Preparation	54 300	-
	Vegetable Project - Barrydale	8 024	8 358
	Upgrading : Library Barrydale	-	9 632
	Management Support Programme	-	29 942
	Public Transport Infrastructure	-	383 718
	Spatial Development Contributions	126 829	18 117
	Library Facilities Buffeljagsrivier	-	26 015
	Council Remuneration Grant	434 000	-
	Financial Management Grant	506 712	-
	Multi-purpose Centrum - Salaries	79 123	29 413
	Multi-purpose Centrum	-	1 707 044
	Electricity Master plan	9 200	21 930
	Library Services	122 405	-
	Community Development Workers	26 279	-
	MSIG - Municipal Systems Improvement Grant	690 225	-
	Walking path : Tinley street	-	70 662
	Sewerage Network	-	937 699
	Emergency Housing	595 394	-
	Capital expenditure on Government Grants	2 372 793	-
	Equitable Share	7 331 000	6 180 011
	Total Government Grant and Subsidies	12 384 111	9 913 544

20.1 Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 20kwh (Buffeljagsrivier 50kwh) free electricity per month, which is funded from this grant.

(See Appendix "F" for a reconciliation of all grants).

21 OTHER INCOME

Other income represents sundry income such as certificates, cemetery charges and photocopies

Total Other Income

An amount of R6 452 786.73 was received for plantations sold during the year under review. This amount was contributed to the Capital Replacement Reserve.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice

• Revenue (GAMAP 9) Initial measurement of fair value discounting all future receipts using an imputed rate of interest. [SIACA Circular 09/06 and paragraph 12]

2008 R	2007 R
7 397 192	892 466
7 397 192	892 466

22 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages
Employee related costs - Contributions for UIF, pensions and medical aids
Travel, motor car, accommodation, subsistence and other allowances
Housing benefits and allowances
Overtime Payments
Bonus
Staff Leave

16 145 668	13 910 719
3 997 156	3 144 503
1 343 501	1 105 110
180 204	120 873
1 170 653	1 022 864
1 078 892	887 960
	376 510
23 916 074	20 568 540
-	-
23 916 074	20 568 540

Less: Employee Costs Capitalised

Total Employee Related Costs

KEY MANAGEMENT PERSONNEL

5 Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager

Salary and Bonus	347 299	335 036
Travel Allowance	144 072	144 072
Group Insurance	9 583	8 966
Industrial Council	38	36
Pension	69 829	65 332
UIF	1 497	1 399
Medical	23 098	18 979
Total	595 416	573 820

Remuneration of Chief Financial Officer

Salary and Bonus	348 309	257 880
Travel Allowance	165 019	165 019
Group Insurance	9 321	6 901
Industrial Council	38	36
Pension	-	-
UIF	1 497	1 399
Medical	-	-
Total	524 184	431 235

22 EMPLOYEE RELATED COSTS - Continued

Remuneration of Individual Executive Directors
30 June 2008

	<u>Director:</u> <u>Corporate</u> <u>Services</u>	<u>Director:</u> <u>Community</u> <u>Services</u>	<u>Director:</u> <u>Engineering</u> <u>Services</u>
	R	R	R
Salary and Bonus	326 209	348 309	274 462
Travel Allowance	117 675	152 221	152 216
Industrial Council	-	38	38
Pension	50 982	-	-
UIF	1 497	149	1 497
Medical	25 373	20 887	20 887
Total	521 737	521 605	449 101

30 June 2007

	<u>Director:</u> <u>Corporate</u> <u>Services</u>	<u>Director:</u> <u>Community</u> <u>Services</u>	<u>Director:</u> <u>Engineering</u> <u>Services</u>
	R	R	R
Salary and Bonus	244 865	257 880	257 880
Travel Allowance	117 675	152 221	152 216
Industrial Council	-	36	36
Pension	47 749	-	-
UIF	-	1 399	1 399
Medical	23 184	19 699	19 699
Total	433 473	431 235	431 231

23 REMUNERATION OF COUNCILLORS

	2008 R	2007 R
Executive Mayor allowance	437 552	407 025
Deputy Executive Mayor allowance	192 522	325 620
Speaker allowance	350 041	325 620
Member of Mayoral Committees' allowance	328 164	167 897
Part Time Councillors' allowance	811 264	634 314
Total Councillors' Remuneration	2 119 543	1 860 477

In-kind Benefits

The Mayor is fulltime. He is provided with an office and his own PA at the cost of the Council.

24 BAD DEBT PROVISION

Reconciliation of Provision for Bad Debts

Balance at beginning of year	16 902 361	16 002 351
Contribution / (Reversal) to provision	-	900 010
Balance at end of year	16 902 361	16 902 361
Trade Receivables form exchange transactions - Note 15	16 374 361	16 374 361
Other Receivables form non-exchange transactions - Note 16	528 000	528 000
Total Bad Debt Provision	16 902 361	16 902 361

25 INTEREST PAID

	R	R
Long-term liabilities	1 692 701	1 654 968
Finance leases	265 916	335 870
Total Interest on External Borrowings	1 958 617	1 990 838

26 BULK PURCHASES

Water	557 231	589 487
Electricity	9 563 894	8 518 746
Total Bulk Purchases	10 121 125	9 108 233

27 GRANTS AND SUBSIDIES PAID

Equitable share	2 153 900	2 920 592
Total Grants and Subsidies	2 153 900	2 920 592

28 GENERAL EXPENSES

General Expenses	9 336 937	10 179 059
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General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

29 SURPLUS OF ASSOCIATE

The municipality has got no shares in associates	-	-
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30	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GAMAP/GRAP	2008 R	2007 R
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP: -		
31.1	Property, plant and equipment - GAMAP 17		
	Balance previously reported		90 034 824
	Implementation of GAMAP		
	Land & Buildings transferred out of PPE as it is not traceable to Valuation Roll - Note 31.2 31.3 31.4 31.6		-6 909 003
	Land & Buildings transferred to PPE out of Valuation Roll to be traceable & funded from Accumulated Surplus - Note 31.2 31.6		38 668 700
	Small Asset listing recorded in PPE & funded from Accumulated Surplus - Note 31.2 31.6		221 044
	Total		122 015 565
	Land and buildings were restated in Property, Plant and Equipment due to the fact that not all land and buildings were included in the Assets Register. All land and buildings before 30 June 2004 and where the asset could be identified in the valuation roll and this assets cost was less than the value in the valuation roll, were removed from the Asset register and all land and buildings as identified on the valuation roll were recorded in the Asset register with purchase date 30 June 1980. This was done as no purchase dates was available and that these were all very old land and buildings. Their remaining life and fair value will be determined during the next valuation and revaluation will be done on all the land and building owned by Swellendam Municipality.		
31.2	Accumulated Depreciation - GAMAP 17		
	Balance previously reported		-23 496 760
	Implementation of GAMAP		
	Land & Buildings transferred out of PPE as it is not traceable to Valuation Roll - Note 31.1		2 174 197
	Land & Buildings transferred to PPE out of Valuation Roll to be traceable - Note 31.1		-31 629 045
	Small Asset listing recorded in PPE & funded from Accumulated Surplus - Note 31.1		-30 931
	Total		-52 982 539
31.3	Government Grant Reserve		
	Balance previously reported		-22 916 131
	Implementation of GAMAP		
	Land & Buildings transferred out of PPE as it is not traceable to Valuation Roll - Note 31.1		1 278 022
	Total		-21 638 109
31.4	Capitalisation Reserve		
	Balance previously reported		-5 475 606
	Implementation of GAMAP		
	Land & Buildings transferred out of PPE as it is not traceable to Valuation Roll - Note 31.1		559 937
	Total		-4 915 669
31.5	Trade Payables		
	Balance previously reported		-3 871 300
	Implementation of GAMAP		
	Creating a Creditor account for Accumulated Appropriation Account 31.6		-1 051 753
	Total		-4 923 054
31.6	Accumulated Surplus/(Deficit)		
	Balance previously reported		34 856 496
	Implementation of GAMAP		
	Land & Buildings transferred out of PPE as it is not traceable to Valuation Roll - Note 31.1		2 896 847
	Land & Buildings transferred to PPE out of Valuation Roll to be traceable - Note 31.1		-7 039 655
	Small Asset listing recorded in PPE & funded from Accumulated Surplus - Note 31.1		-190 114
	Creating a Creditor account for Accumulated Appropriation Account 31.5		1 051 753
	Total		31 575 327
31	CASH GENERATED BY OPERATIONS		
	Surplus for the year	12 118 642	5 306 816
	Adjustment for:-		-
	Depreciation	7 899 674	5 041 596
	Amortisation of Intangible Assets	87 084	26 737
	Loss/(Gain) on disposal of property, plant and equipment	-	(82 067)
	Correction on PPE		122 155
	Investment income	(2 224 660)	(1 931 915)
	Interest paid	1 958 617	1 990 838
	Operating surplus before working capital changes:	19 839 358	10 474 158
	(Increase)/Decrease in inventories	51 031	189 885
	(Increase)/decrease in trade receivables from exchange transactions	(1 704 837)	1 364 367
	(Increase)/decrease in other receivables from non-exchange transactions	(3 160 839)	(3 630 724)
	(Decrease)/increase in unspent conditional grants and receipts	543 789	(2 083 502)
	(Increase)/Decrease in unpaid conditional grants and receipts	670 122	(670 122)
	(Decrease)/Increase in trade payables	(1 061 892)	2 730 169
	(Decrease)/Increase in taxes	802 758	(179 669)
	Cash generated by/(utilised in) operations	15 979 489	8 194 561
32	CASH AND CASH EQUIVALENTS		
	Cash and cash equivalents included in the cash flow statement comprise the following :		
	Call Investments Deposits	8 000 000	1 401 685
	Cash Floats	1 800	1 800
	Primary Bank Account	10 882 821	10 299 136
	Total cash and cash equivalents	18 884 621	11 702 621

	2008 R	2007 R
33 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term liabilities - Note 4	17 320 095	14 982 940
Used to finance property, plant and equipment – at cost	17 320 095	14 982 940
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of 9.10% - 16.17% and will be repaid by 2025		
<i>Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice</i>		
• Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]		
• Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.		
34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2008 R	2007 R
There were no unauthorised-, fruitless- or wasteful expenditure during the year.		
35.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-
Incident	Disciplinary steps/criminal proceedings	
None	None	
35.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting condonement	-	-
Incident	Disciplinary steps/criminal proceedings	
None	None	
35.3 Irregular expenditure		
Reconciliation of irregular expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	-	-
Incident	Disciplinary steps/criminal proceedings	
None	None	
35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
35.4 Contributions to organized local government - [MFMA 125 (1)(b)]		
Opening balance	-	-
Council subscriptions	82 154	71 138
Amount paid - current year	(82 154)	(71 138)
Amount paid - previous years	-	-
Balance unpaid (included in trade payables)	-	-
35.5 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year audit fee	1 153 007	552 900
Amount paid - current year	(723 614)	(552 900)
Amount paid - previous years	-	-
Balance unpaid (included in trade payables)	429 393	-
35.6 VAT - [MFMA 125 (1)(b)]		
Vat inputs receivables and Vat outputs payables are shown in Note 8	-399 795	402 962
All VAT returns have been submitted by the due date throughout the year.		
35.7 PAYE and UIF - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions	-	-
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in trade payables)	-	-
35.8 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	-	-
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (included in trade payables)	-	-

35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT - Continued

2008
R

2007
R

35.9 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

30 June 2008

None

Total Councillor Arrear Consumer Accounts

30 June 2007

Councillor - Mr Kees

Councillor - Mr/Ms JA Matthysen

Councillor - Mr DG Govender

Total Councillor Arrear Consumer Accounts

Total	Outstanding less than 90 days	Outstanding more than 90 days
-	-	-
-	-	-
Total	Outstanding less than 90 days	Outstanding more than 90 days
1 148	637	510
1 605	548	1 057
1 806	733	1 073
4 559	1 918	2 640

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

35.10 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

Swellendam Municipality has implemented a Supply Chain Management Unit during August 2008 and will comply to Chapter 11 of the Municipal Finance Management Act.

35.11 Quotations awarded - Section 45 - Supply Chain Management

Person/Company	Official
Brainwave Projects 1254 CC	JA Basson
2D Visual Marketing	D Engelbrecht
Infinite Prospects 176 CC T/A Byron Woodworks	DY Carelse
Sisza Ukanyo 1130 Trading	J Jansen
Business Zone CC	J Jansen
Shine the way CC 1157	N Goliath

2008
R

2007
R

125 914
14 544
7 374
208 900
185 500
38 000

36 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for
- Approved but not yet contracted for

Total

10 865 490	9 553 750
12 199 950	7 224 830
23 065 440	16 778 580

This expenditure will be financed from:

- External Funding
- Own resources

13 611 230	12 632 000
9 454 210	4 146 580
23 065 440	16 778 580

37 FINANCIAL RISK MANAGEMENT

Financial Risk Management

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising Currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign exchange currency risk

The municipality does not engage in foreign currency transactions.

(b) Interest rate Risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates. This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of '4+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

(d) Other risks

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection

Long-term Receivables and Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

38 EVENTS AFTER THE REPORTING DATE

Council did not have any event after reporting date during the financial year 2007/2008.

39 IN-KIND DONATIONS AND ASSISTANCE

Council did not receive any in-kind donations during the financial year 2007/2008.

40 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year 2007/2008.

41 COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

42 CONTINGENT LIABILITY

The Council awaits the outcome of a claim that was not approved by the Insurance Company.

43

STATEMENTS OF COMPLIANCE WITH THE REQUIREMENTS gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2)(b) of the notice

- Employee benefits: Exempted compliance with AC 116 (Employee benefits) with regards to defined benefit accounting as far as it relates to defined benefit plans accounted for as defined contribution plans and defined benefit obligation disclosed by narrative information (paragraphs 29, 48 - 119 and 120A(c) - (q))
- Financial Instruments: Recognition and Measurement (AC133) Initially measuring financial assets and liabilities at fair value. [SAICA Circular 09/06 paragraphs 43, AG 79, AG 64 and AG 65 of AC 133]
- Financial Instruments: Disclosure (AC144) Entire standard to be replaced by IAS 32 (AC 125) issued August 2006 and effective for financial statements covering periods beginning on or after 1 January 1998.
- Inventories: The entire standard as far as it relates to immovable capital assets inventory that is accounted for in terms of GAMAP 17. The entire standard to the extent that it relates to water stock that was not purchased by the municipality.
- Segment Reporting (AC115) Entire Standard
- Operating Segments (AC146) Entire Standard
- Construction Contracts (AC109) Entire Standard
- Business Combinations (AC140) Entire Standard
- Accounting for Government Grants and Disclosure of Government Assistance (AC134) Entire standard excluding paragraphs 24 and 26, replaced by paragraph 08 of GAMAP 12, paragraph 25 of GAMAP 17 and paragraphs 42 – 46 of GAMAP 9.

44

Process to comply fully with the implementation of General Recognised Accounting Practices (GRAP).

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a low capacity municipality and must comply with GRAP by 30 June 2010. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliant financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix "G".

10 PROPERTY, PLANT AND EQUIPMENT

30 June 2008

Reconciliation of Carrying Value	Land and Buildings	Infra- structure	Community	Other	Leased Assets	Total
	R	R	R	R	R	R
Carrying values at 1 July 2007	16 655 929	45 321 573	2 170 641	2 639 052	2 245 831	69 033 026
Cost	48 529 808	59 444 632	2 560 593	7 448 233	4 032 300	122 015 565
Residual Value	-	-	-	-	-	-
Accumulated depreciation	-31 873 879	-14 123 059	-389 951	-4 809 181	-1 786 469	-52 982 539
- Cost	-31 873 879	-14 123 059	-389 951	-4 809 181	-1 786 469	-52 982 539
Acquisitions	-	6 232 616	1 954 077	2 450 348	107 000	10 744 041
Residual Value	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-
Depreciation	-1 583 801	-4 091 744	-151 089	-1 229 793	-843 247	-7 899 674
- based on cost	-1 583 801	-4 091 744	-151 089	-1 229 793	-843 247	-7 899 674
Carrying value of disposals	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-
Residual Value	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Transfer of Cost	-	-	-	-	-	-
Transfer of Accumulated Depreciation	-	-	-	-	-	-
	15 072 128	47 462 445	3 973 629	3 859 607	1 509 584	71 877 393
Carrying values at 30 June 2008	15 072 128	47 462 445	3 973 629	3 859 607	1 509 584	71 877 393
Cost	48 529 808	65 677 248	4 514 669	9 898 581	4 139 300	132 759 606
Accumulated depreciation	-33 457 681	-18 214 803	-541 040	-6 038 974	-2 629 716	-60 882 214
- Cost	-33 457 681	-18 214 803	-541 040	-6 038 974	-2 629 716	-60 882 214

10 PROPERTY, PLANT AND EQUIPMENT (continued)

30 June 2007

Reconciliation of Carrying Value	Land and Buildings	Infra-structure	Community	Other	Leased Assets	Total
	R	R	R	R	R	R
Carrying values at 1 July 2006	43 185 482	11 673 731	4 624 834	2 773 458	62 257 505	
Cost	-	54 517 220	13 450 491	12 319 604	3 784 300	84 071 615
Correction of Error Note 34.1	-	-122 155	-	-	-	-122 155
Change in accounting policy - Note 33	-	-	-	-2 588 845	-	-2 588 845
Accumulated depreciation	-	-11 209 582	-1 776 760	-5 105 925	-1 010 842	-19 156 583
- Cost	-	-11 209 582	-1 776 760	-5 159 399	-1 010 842	-19 156 583
Change in accounting policy - Note 33	-	-	-	53 473	-	-
Acquisitions	-	6 159 995	2 579 820	814 642	248 000	9 802 457
Depreciation	-	-3 370 253	-391 963	-503 753	-775 626	-5 041 596
- based on cost	-	-3 370 253	-391 963	-503 753	-775 626	-5 041 596
Carrying value of disposals	-	-480 303	-	-	-	-480 303
Cost/revaluation	-	-889 076	-	-239 172	-	-1 128 248
Accumulated depreciation	-	408 773	-	239 172	-	647 945
Change in accounting policy (Cost of PPE) - Note 30	48 529 808	-221 352	-13 469 718	-2 857 996	-	31 980 742
Change in accounting policy (Accumulated Depreciation) - Note 30	-31 873 879	48 003	1 778 772	561 325	-	-29 485 779
	16 655 929	45 321 573	2 170 641	2 639 052	2 245 831	69 033 026
Carrying values at 30 June 2007	16 655 929	45 321 573	2 170 641	2 639 052	2 245 831	69 033 026
Cost	48 529 808	59 444 632	2 560 593	7 448 233	4 032 300	122 015 565
Revaluation	-	-	-	-	-	-
Accumulated depreciation	-31 873 879	-14 123 059	-389 951	-4 809 181	-1 786 469	-52 982 539
- Cost	-31 873 879	-14 123 059	-389 951	-4 809 181	-1 786 469	-52 982 539

Refer to Appendix B for more detail on property, plant and equipment, including those in the course of construction.

Land and buildings were restated in Property, Plant and Equipment due to the fact that not all land and buildings were included in the Assets Register. All land and buildings before 30 June 2004 and where the asset could be identified in the valuation roll and this assets cost was less than the value in the valuation roll, were removed from the Asset register and all land and buildings as identified on the valuation roll were recorded in the Asset register with purchase date 30 June 1980. This was done as no purchase dates was available and that these were all very old land and buildings. Their remaining life and fair value will be determined during the next valuation and revaluation will be done on all the land and building owned by Swellendam Municipality.

Exemptions taken according to the exemptions gazetted in terms of Government Notice No. 30013 of 29 June 2007 and specifically paragraph 3(2) b of the above-mentioned notice.

- Property, Plant and Equipment (GAMAP 17) Review of useful life of item of PPE recognised in the annual financial statements. [Paragraphs 59-61 and 77]
- Property, Plant and Equipment (GAMAP 17) Review of the depreciation method applied to PPE recognised in the annual financial statements. [Paragraphs 62 and 77]
- Property, Plant and Equipment (GAMAP 17) Impairment of non-cash generating assets. [Paragraphs 64-69 and 75(e)(v) – (vi)]
- Property, Plant and Equipment (GAMAP 17) Impairment of cash generating assets. [Paragraphs 63 and 75(e)(v) – (vi)]
- Impairments of Assets (AC 128) Entire Standard
- Investment Property (AC 135) The entire standard to the extent that property is accounted for in terms of GAMAP 17.
- Investment Property (AC 135) Disclosure of the fair value of investment property if the cost model is applied and where the municipality has recognised investment property in terms of this standard. [Paragraphs 79(e)(i) – (iii)]
- Intangible Assets (AC 129) The entire standards except for the recognition, measurement and disclosure of the computer software and website costs (AC 432) and all other costs were expensed.
- Non-current Assets Held for Sale and Discontinued Operations (AC142) Classification, measurement and disclosure of non-current assets held for sale. [paragraphs 6-14, 15-29 (in so far as it relates to non-current assets held for sale), 38-42]

The Municipality has taken advantage of the transitional provisions set out in GAMAP 17. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2009. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has

been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.

APPENDIX A
SWELLENDAAM MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Rate	Redeemable	Balance at 2007/06/30	Received during the period	Redeemed written off during the period	Balance at 2008/06/30	Cost Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
			R	R	R	R	R	R
LONG-TERM LOANS			0	0	0	0	0	0
Total long-term loans			0	0	0	0	0	0
ANNUITY LOAN								
L.F.P.O.- ELECTRICITY - LOAN FUND	14.10%	2008	292 733		187 531	105 203		
L.F.P.O.- SEWERAGE(INDUSTRIAL) - LOAN FUND	15.90%	2013	108 598		11 885	96 713		
L.F.P.O.- ELECTRICITY (R481500) - LOAN FUND	15.90%	2008	71 670		71 670	-		
OFFICE - K.P.G.F. - LOAN FUND	16.17%	2008	42 213		42 213	-		
UPGRADING SEWERAGE - LOAN FUND	15.77%	2008	100 835		64 557	36 278		
STREETS - DBSA	15.30%	2021	429 851		30 704	399 147		
UPGRADING OF ELECTRICAL NETWORK - DBSA	15.75%	2021	1 526 283		105 261	1 421 022		
INFRASTRUCTURE - DBSA	15.45%	2017	1 083 547		103 195	980 352		
INFRASTRUCTURE - PHASE 2 - DBSA	10.56%	2024	4 810 277		108 597	4 701 680		
INFRASTRUCTURE - PHASE 4 - DBSA	9.83%	2017	2 107 508	2 737 761		4 845 269		
INFRASTRUCTURE - PHASE 3 - DBSA	9.10%	2025	4 409 425	441 175	116 169	4 734 431		
Total annuity loans			14 982 940	3 178 936	841 781	17 320 095	0	0
LEASE LIABILITY								
Nissan CCK 7930	12.01%	December-08	159 431	0	102 400	57 030	410 000	0
Corsa CA 588154	11.84%	December-08	38 172	0	24 517	13 655	98 000	0
Corsa CA 588194	12.11%	December-08	35 478	0	22 856	12 622	94 000	0
Isuzu CA 588180	11.85%	December-08	51 315	0	32 912	18 403	130 000	0
Corsa CA 588167	11.88%	December-08	38 197	0	24 531	13 667	98 000	0
Corsa CA 588198	11.95%	December-08	38 169	0	24 516	13 653	98 000	0
Corsa CA 588157	11.84%	December-08	38 172	0	24 517	13 655	98 000	0
Corsa CA 588183	11.90%	December-08	51 348	0	32 930	18 419	130 000	0
Corsa CCK 3319	11.95%	October-09	61 247	0	23 692	37 555	109 000	0
Fax machine Samsung SF5100	12.04%	November-09	2 468	0	849	1 619	3 800	0
Photocopy machine D11610	11.15%	February-10	6 617	0	2 255	4 362	11 000	0
Fax machine Olivetti OFX55	12.09%	February-10	2 544	0	762	1 782	3 650	0
Photocopy machine D1552	11.89%	March-10	66 548	0	21 737	44 811	107 000	0
Fax machine Olivetti OFX55	12.09%	March-10	2 600	0	745	1 856	3 650	0
Photocopy machine D11610	11.15%	May-10	7 143	0	2 193	4 949	11 000	0
Fax machine Olivetti OFX 55	12.41%	July-10	2 241	0	538	1 703	2 900	0
Photocopy machine D Copia 120	11.79%	August-10	5 932	0	1 382	4 549	7 600	0
Isuzu CCK 9715	12.24%	August-10	583 630	0	151 871	431 760	800 000	0
Photocopy machine FX16	11.96%	September-10	5 150	0	1 378	3 771	7 200	0
Mercedes CCK 9780	11.74%	September-10	961 246	0	244 218	717 028	1 300 000	0
Isuzu CCK 3738	12.04%	October-10	123 107	0	30 466	92 641	164 000	0
Corsa CCK 9848	12.00%	October-10	64 716	0	15 778	48 938	85 500	0
Photocopy machine D COPIA 150	11.83%	March-11	10 368	0	1 843	8 525	12 000	0
Fax machine Brother 1820C	12.04%	June-11	3 734	0	546	3 188	4 100	0
Fax machine Samsung SF560	12.10%	September-11	3 332	0	470	2 861	3 600	0
Photocopy machine AF1015	12.18%	October-10	3 201	0	829	2 372	3 700	0
Photocopy machine AF1015	11.63%	October-10	5 614	0	1 463	4 151	6 500	0
7 Gel Printers	11.79%	February-12	38 064	0	4 091	33 974	39 200	0
4 Gel Printers	11.79%	February-12	21 751	0	2 338	19 414	22 400	0
Gel Printer	11.79%	February-12	5 438	0	584	4 853	5 600	0
Gel Printer	11.79%	February-12	5 438	0	584	4 853	5 600	0
4 Gel Printers	11.79%	February-12	21 751	0	2 338	19 414	22 400	0
6 Gel Printers	11.79%	February-12	32 627	0	3 506	29 120	33 600	0
5 Gel Printers	11.79%	February-12	27 189	0	2 922	24 267	28 000	0
4 Gel Printers	11.79%	February-12	21 751	0	2 338	19 414	22 400	0
Gel Printer	11.79%	February-12	5 438	0	584	4 853	5 600	0
Gel Printer	11.79%	February-12	5 438	0	584	4 853	5 600	0
Gel Printer	11.79%	February-12	5 438	0	584	4 853	5 600	0
Gel Printer	11.79%	February-12	5 438	0	584	4 853	5 600	0
Photocopy machine AF1224	11.96%	February-11	26 608	0	6 147	20 462	28 500	0
Photocopy machine BIZHUB	11.92%	July-10	-	107 000	28 756	78 244	107 000	0
Total Lease Liabilities			2 594 089	107 000	848 133	1 852 956	4 139 300	0
TOTAL EXTERNAL LOANS			17 577 029	3 285 936	1 689 914	19 173 051	4 139 300	0

APPENDIX B
SWELLEN DAM MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals income	Closing Balance	
Land and Buildings										
Land	5 076 313	-	-	-	5 076 313	10 639	-10 639	-	0	5 076 313
Buildings	43 453 495	-	-	-	43 453 495	31 863 241	1 594 440	-	33 457 681	9 995 814
	48 529 808	0	0	0	48 529 808	31 873 879	1 583 801	0	33 457 681	15 072 128
Infrastructure										
Access control	23 035	26 582	-	-	49 617	2	9 546	-	9 548	40 069
Bridges, subways & culverts	88 151	203 973	-	-	292 124	26 008	9 737	-	35 745	256 379
Bus terminals	-	-	-	-	0	-	-	-	0	0
Car parks	-	-	-	-	0	-	-	-	0	0
Fencing	146 207	9 240	-	-	155 447	116 926	29 847	-	146 773	8 674
Footways	47 529	-	-	-	47 529	7 136	2 376	-	9 512	38 016
Mains	-	-	-	-	0	-	-	-	0	0
Meters	49 750	-	-	-	49 750	409	3 317	-	3 725	46 025
Other roads	14 252 177	3 640 445	-	-	17 892 622	2 875 782	2 046 703	-	4 922 484	12 970 137
Outfall sewers	2 120 069	145 925	-	-	2 265 994	29 312	113 300	-	142 611	2 123 382
Power stations	-	-	-	-	0	-	-	-	0	0
Pump stations	28 250	-	-	-	28 250	2 829	1 413	-	4 241	24 009
Purification works	3 850 780	32 346	-	-	3 883 126	1 230 841	192 860	-	1 423 701	2 459 424
Reservoirs & tanks	5 376 619	85 141	-	-	5 461 760	1 280 766	273 088	-	1 553 854	3 907 906
Security systems	18 783	599	-	-	19 382	3 767	3 779	-	7 546	11 836
Sewerage pump	140 804	-	-	-	140 804	64 365	9 387	-	73 752	67 051
Sewers	5 709 039	800 634	-	-	6 509 673	1 103 039	325 484	-	1 428 522	5 081 150
Supply/reticulation	27 206 791	1 144 142	-	-	28 350 933	7 226 169	1 050 967	-	8 277 135	20 073 797
Switchgear equipment	109 969	-	-	-	109 969	22 024	5 498	-	27 523	82 447
Traffic lights	26 113	-	-	-	26 113	10 138	1 306	-	11 443	14 670
Transformer kiosks	250 567	143 590	-	-	394 157	123 547	13 138	-	136 686	257 471
	59 444 632	6 232 616	0	0	65 677 248	14 123 059	4 091 744	0	18 214 803	47 462 445
Community Assets										
Cemeteries	71 652	93 948	-	-	165 600	3 605	5 520	-	9 125	156 475
Clinics/Hospitals	-	-	-	-	0	-	-	-	0	0
Community Centres	-	1 655 489	-	-	1 655 489	-	55 183	-	55 183	1 600 306
Hostels - workers	51 301	-	-	-	51 301	10 269	1 710	-	11 979	39 321
Housing Scheme	1 487 224	-	-	-	1 487 224	49 710	49 574	-	99 284	1 387 940
Libraries	-	17 515	-	-	17 515	-	584	-	584	16 931
Office Buildings	518 718	2 000	-	-	520 718	194 195	17 291	-	211 486	309 232
Outdoorsports facilities	-	-	-	-	0	-	-	-	0	0
Parks	-	20 000	-	-	20 000	-	1 333	-	1 333	18 667
Public conveniences/bathhouses	47 104	13 237	-	-	60 341	10 482	2 011	-	12 494	47 847
Recreations centres	-	-	-	-	0	-	-	-	0	0
Stadiums	-	-	-	-	0	-	-	-	0	0
Tennis courts	-	-	-	-	0	-	-	-	0	0
Workshop	384 594	151 888	-	-	536 482	121 689	17 883	-	139 572	396 910
	2 560 593	1 954 077	0	0	4 514 669	389 951	151 089	0	541 040	3 973 629
Heritage Assets										
	-	0	0	0	0	0	0	0	0	0
Total carried forward	110 535 032	8 186 693	0	0	118 721 725	46 386 889	5 826 635	0	52 213 524	66 508 202

* Includes correction of error referred to in Note 32.

APPENDIX B

SWELLENDAM MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Total brought forward	110 535 032	8 186 693	0	0	118 721 725	46 386 889	5 826 635	0	52 213 524	66 508 202
Leased Assets										
Vehicles (Lease)	3 614 500	-	-	-	3 614 500	1 695 228	724 881	-	2 420 109	1 194 391
Office Equipment (Lease)	417 800	107 000	-	-	524 800	91 240	118 367	-	209 607	315 193
	4 032 300	107 000	-	-	4 139 300	1 786 469	843 247	-	2 629 716	1 509 584
Other Assets										
Abattoirs	-	-	-	-	0	-	-	-	0	0
Air conditioners	128 466	13 628	-	-	142 093	78 555	20 929	-	99 484	42 609
Bulk containers	75 519	-	-	-	75 519	21 787	7 552	-	29 339	46 180
Cabinets/cupboards	211 413	1 137	-	-	212 550	108 610	19 969	-	128 579	83 971
Caravan parks	13 255	-	-	-	13 255	3 873	442	-	4 315	8 940
Chairs	26 696	811	-	-	27 507	5 830	3 915	-	9 746	17 761
Computer hardware	790 149	91 306	-	-	881 455	528 647	86 879	-	615 526	265 928
Computer software	-	-	-	-	0	-	-	-	-	-
General plant	721 922	2 594	-	-	724 517	460 977	90 045	-	551 022	173 495
Generator	10 581	76 887	-	-	87 468	4 235	16 910	-	21 145	66 323
Graders	280 180	-	-	-	280 180	150 320	14 700	-	165 020	115 160
Hostels - public/tourist	-	-	-	-	0	-	-	-	-	-
Household refuse bins	29 107	-	-	-	29 107	29 107	-	-	29 107	-
Irrigation systems	149 241	-	-	-	149 241	60 333	9 949	-	70 282	78 959
Lawnmowers	182 781	2 751	-	-	185 532	140 279	27 412	-	167 691	17 841
Markets	-	-	-	-	0	-	-	-	-	-
Mechanical horses	547 635	-	-	-	547 635	507 148	4 500	-	511 648	35 988
Miscellaneous furniture	210 214	64 046	-	-	274 260	58 025	26 699	-	84 724	189 536
Office machines	76 156	-	-	-	76 156	60 426	7 088	-	67 514	8 642
Old age homes	-	-	-	-	0	-	-	-	-	-
Other land	1 960	-	-	-	1 960	-	-	-	-	1 960
Pumps	183 214	107 779	-	-	290 993	49 160	52 163	-	101 323	189 670
Radio equipment	120 297	225 992	-	-	346 289	51 128	63 258	-	114 387	231 902
Tables/desks	37 362	3 782	-	-	41 144	7 811	4 346	-	12 157	28 987
Telecommunication equipment	198 313	-	-	-	198 313	190 428	1 973	-	192 401	5 912
Tip sites	48 159	-	-	-	48 159	6 430	1 605	-	8 035	40 123
Tipsters	217 190	-	-	-	217 190	147 894	6 933	-	154 828	62 362
Town planning	594 361	850 996	-	-	1 445 356	509 693	191 380	-	701 074	744 283
Tracktors	214 724	-	-	-	214 724	114 800	11 106	-	125 906	88 818
Transport facilities	9 740	-	-	-	9 740	2 274	325	-	2 599	7 141
Trucks/bakkies	2 332 826	908 297	-	-	3 241 123	1 474 636	540 350	-	2 014 986	1 226 137
Vacant land	-	23 472	-	-	23 472	-	5 605	-	5 605	17 868
Vehicles	36 772	76 870	-	-	113 642	36 772	13 757	-	50 530	63 113
	7 448 233	2 450 348	0	0	9 898 581	4 809 181	1 229 793	-	6 038 974	3 859 607
Total	122 015 565	10 744 041	-	-	132 759 606	52 982 539	7 899 674	-	60 882 214	71 877 393

APPENDIX C
SWELLENDAM MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	207 521	811	-	-	208 332	7 681	39 710	-	47 391	160 941
Finance & Admin	36 060 707	1 141 420	-	-	37 202 127	23 620 582	1 474 062	-	25 094 644	12 107 483
Planning & Development	18 354 522	-	-	-	18 354 522	4 988 662	2 138 333	-	7 126 995	11 227 527
Health	-	-	-	-	-	-	-	-	-	-
Community & Social Services	2 955 569	1 679 852	-	-	4 635 420	250 969	214 610	-	465 579	4 169 841
Housing	-	-	-	-	-	-	-	-	-	-
Public Safety	1 069 585	4 232 723	-	-	5 302 308	435 905	604 266	-	1 040 172	4 262 137
Sport & Recreation	12 556 056	28 151	-	-	12 584 207	9 846 643	468 587	-	10 315 230	2 268 977
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	15 783 489	1 642 099	-	-	17 425 588	4 365 944	1 281 741	-	5 647 685	11 777 903
Road Transport	438 927	-	-	-	438 927	190 362	14 631	-	204 993	233 934
Water	17 740 995	325 127	-	-	18 066 122	5 151 528	901 813	-	6 053 341	12 012 781
Electricity	16 848 194	1 693 858	-	-	18 542 052	4 124 263	761 921	-	4 886 184	13 655 869
Other	-	-	-	-	-	-	-	-	-	-
TOTAL	122 015 565	10 744 041	-	-	132 759 606	52 982 539	7 899 674	-	60 882 214	71 877 393

APPENDIX D
SWELLENDAM MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

2007 Actual Income R	2007 Actual Expenditure R	2007 Surplus/ (Deficit) R		2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R
19 904 735	9 721 759	10 182 976	Executive & Council	25 015 687	9 051 807	15 963 880
3 664 779	8 594 416	(4 929 637)	Finance & Admin	5 276 354	12 409 791	(7 133 436)
242 365	3 866 440	(3 624 075)	Planning & Development	427 011	4 735 762	(4 308 751)
-	5 492	(5 492)	Health	-	9 601	(9 601)
114 561	1 689 301	(1 574 739)	Community & Social Services	1 833 520	2 019 259	(185 739)
3 848 401	2 057 129	1 791 273	Public Safety	4 258 720	1 929 385	2 329 335
585 141	3 437 535	(2 852 394)	Sport & Recreation	659 282	3 849 835	(3 190 553)
10 013 843	11 388 066	(1 374 223)	Waste Management	12 494 518	13 702 711	(1 208 193)
278 407	334 586	(56 179)	Road Transport	341 818	314 467	27 351
8 761 882	5 625 550	3 136 332	Water	11 091 267	5 882 551	5 208 716
18 090 861	15 500 637	2 590 224	Electricity	19 698 292	17 216 883	2 481 409
-	389 761	(389 761)	Other	-	388 926	(388 926)
65 504 976	62 610 671	2 894 305	Sub Total	81 096 469	71 510 977	9 585 492
-	(2 412 510)	2 412 510	Less Inter-Dep Charges	-	(2 533 150)	2 533 150
65 504 976	60 198 161	5 306 816	Total	81 096 469	68 977 827	12 118 642
		-	Add: Share of Associate			-
		5 306 816				12 118 642

APPENDIX E(1)
SWELLENDAAM MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008

	<u>2008</u>	<u>2008</u>	<u>2008</u>	<u>2008</u>	<u>Explanation of Significant Variances</u>
REVENUE	Actual (R)	Budget (R)	Variance (R)	Variance (%)	greater than 10% versus Budget
Property rates	14 469 984	14 997 000	(527 016)	-3.51%	
Service charges	37 892 029	36 462 610	1 429 419	3.92%	
Rental of facilities and equipment	874 152	756 400	117 752	15.57%	More rentals in camping sites.
Interest earned - external investments	2 224 660	700 000	1 524 660	217.81%	More funds available for investments.
Interest earned - outstanding debtors	1 286 263	1 220 000	66 263	5.43%	
Fines	2 927 996	2 845 250	82 746	2.91%	
Licences and permits	1 020 873	893 400	127 473	14.27%	Increase in learner driver application and vehicle testing station income..
Income for agency services	619 209	500 000	119 209	23.84%	Increase in motor registrations.
Government grants and subsidies	12 384 111	8 407 000	3 977 111	47.31%	Operating expenditure on Government Grants.
Other income	7 397 192	478 100	6 919 092	1447.21%	An amount of R6 452 786.73 was received for plantations sold during the year under review
Total Revenue	81 096 469	67 259 760	13 836 709	20.57%	
EXPENDITURE					
Executive & Council	9 051 807	8 812 458	239 349	2.72%	
Finance & Admin	12 409 791	11 207 427	1 202 364	10.73%	
Planning & Development	4 735 762	5 355 345	(619 583)	-11.57%	Vehicle cost allocated to lease liabilities.
Health	9 601	4 600	5 001	108.73%	Alarm not budgeted for.
Community & Social Services	2 019 259	1 953 063	66 196	3.39%	
Public Safety	1 929 385	2 196 852	(267 467)	-12.18%	Saving on employee related costs and agency fees.
Sport & Recreation	3 849 835	3 844 752	5 083	0.13%	
Waste Management	13 702 711	11 476 536	2 226 175	19.40%	Depreciation on assets.
Road Transport	314 467	419 270	(104 803)	-25.00%	Small general savings.
Water	5 882 551	6 484 713	(602 162)	-9.29%	
Electricity	17 216 883	18 252 350	(1 035 467)	-5.67%	
Other	388 926	450 030	(61 104)	-13.58%	Small general and employee related cost savings.
Less : Interdepartmental Charges	(2 533 150)	(2 533 150)	(0)	0.00%	
Total Expenditure	68 977 827	67 924 246	1 053 581	1.55%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	12 118 642	(664 486)	12 783 128	-1923.76%	

APPENDIX E(2)
 SWELLENDAM MUNICIPALITY
 ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2008
 Acquisition of Property, Plant and Equipment & Intangible assets

	<u>2008 Actual</u>	<u>2008 Under Construction</u>	<u>2008 Total Additions</u>	<u>2008 Budget</u>	<u>2008 Variance</u>	<u>2008 Variance</u>	<u>Explanation of Significant Variances greater than 5% versus Budget</u>
	R	R	R	R	R	%	
Executive & Council	811	-	811	-	811	0.00%	
Finance & Admin	1 141 420	-	1 141 420	1 649 210	(507 790)	-30.79%	
Planning & Development	-	-	-	-	-	0.00%	
Health	-	-	-	-	-	0.00%	
Community & Social Services	1 679 852	-	1 679 852	7 422 000	(5 742 148)	-77.37%	
Housing	-	-	-	-	-	0.00%	
Public Safety	4 232 723	-	4 232 723	5 745 230	(1 512 507)	-26.33%	
Sport & Recreation	28 151	-	28 151	160 000	(131 849)	-82.41%	
Environmental Protection	-	-	-	-	-	0.00%	
Waste Management	1 642 099	-	1 642 099	2 599 000	(956 901)	-36.82%	
Road Transport	-	-	-	-	-	0.00%	
Water	325 127	-	325 127	2 405 000	(2 079 873)	-86.48%	
Electricity	1 693 858	-	1 693 858	3 085 000	(1 391 142)	-45.09%	
Other	-	-	-	-	-	0.00%	
Total	10 744 041	-	10 744 041	23 065 440	(12 321 399)	-53.42%	

APPENDIX F
SWELLENDAM MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance at 30 June 2007	Contributions during year	Interest on Investments	Other Income	Operating expenditure during year Transferred to Revenue	Capital expenditure during year Transferred to Revenue	Balance at 30 June 2008
	R	R		R	R	R	R
Library Donation: A.S. Powell	12 374.31		604.31				12 978.62
Transformation Costs	5 454.44				4 378.50		1 075.94
Clinic Donation: Markotter Trust	312.40		15.25				327.65
Social Plan Fund	20 793.94		1 015.48				21 809.42
Swellendam Festival	7 982.87				7 975.71		7.16
Vegetable Project	1 066.00				1 066.00		-
JG Louw Fund	8 504.49		415.32				8 919.81
Upgrade: Library Suurbraak	1 519.72				1 000.00		519.72
Structure Plan	798.47		39.21				837.68
Disaster Management System	5 893.96						5 893.96
Toilet Facilities	13 407.79				13 407.79		-
Project Preparation	62 000.00				54 300.00		7 700.00
Vegetable Project - Barrydale	167 767.59		10 939.75		8 023.66		170 683.68
Upgrading : Library Barrydale	38 045.29					17 515.04	20 530.25
Spatial Development Contributions	10 215.96	126 000.00			126 829.13		9 386.83
Council Remuneration Grant	-	434 000.00			434 000.00		-
Economic Development Plan	50 000.00						50 000.00
Financial Management Grant	509 254.43	500 000.00			506 712.42		502 542.01
Multi-purpose Centrum - Salaries	110 587.19	140 000.00			79 123.42		171 463.77
Multi-purpose Centrum	547 670.74	1 600 000.00	18 750.22			1 499 380.65	667 040.31
Electricity Master plan	9 210.52				9 200.00		10.52
Suurbraak - Master plan		55 263.16				55 263.16	-
Library Services		126 387.00			122 404.71		3 982.29
Community Development Workers		90 000.00			26 278.75		63 721.25
MSIG - Municipal Systems Improvement Grant		734 000.00			690 224.51		43 775.49
Library Donations	1 664.63	898.30					2 562.93
Sewerage Network	-670 121.86	1 526 939.45				800 633.72	56 183.87
Emergency Housing		693 120.09	8 634.30		595 393.82		106 360.57
Municipal Infrastructure Grant 2008		200 000.00					200 000.00
Unspent conditional grants and receipts - End of year	914 403	6 226 608	40 414	-	2 680 318	2 372 793	2 128 314
		-					-
							-
Unpaid conditional grants and receipts - End of year	-	-		-	-	-	-
Unspent conditional grants and receipts - beginning of year	914 403	6 226 608	40 414	-	2 680 318	2 372 793	2 128 314
Unpaid conditional grants and receipts - beginning of year	-	-		-	-	-	-
	914 403	6 226 608	40 414	-	2 680 318.42	2 372 793	2 128 314

Library Donation: A.S. Powell

Public Grant - Specific Specifications for Swellendam Library

Transformation Costs

Provincial Grant - Grant to assist in Transformation of Swellendam Municipality.

Clinic Donation: Markotter Trust

Public Grant - Specific Specifications for Swellendam Clinic.

Social Plan Fund

Provincial Grant - Business Plan for Swellendam Municipality.

Swellendam Festival

Provincial Grant - Funds for annual Swellendam Festival.

Vegetable Project

Provincial Grant - Barrydale funds received for job creation with vegetable project.

JG Louw Fund

Public Grant - Specific Specifications - Infanta

Upgrade: Library Suurbraak

Provincial Grant - Upgrading of Suurbraak Library.

Structure Plan

Provincial Grant - Structure Plan for Swellendam Municipality.

Disaster Management System

Provincial Grant - Funds to improve Disaster Management System of Swellendam Municipality.

Toilette Facilities

Provincial Grant - New toilette facilities for Swellendam public.

Project Preparation

Provincial Grant - Flood line measurements for Swellendam Municipality.

Vegetable Project - Barrydale

Provincial Grant - Barrydale funds received for job creation with vegetable project.

Upgrading : Library Barrydale

Provincial Grant - Upgrading of Barrydale Library.

Management Support Programme

Provincial Grant

Public Transport Infrastructure

Provincial Grant

Spatial Development Contributions

Provincial Grant - Spatial Development Framework for Swellendam Municipality

Library Facilities Buffeljagsrivier

Provincial Grant

Equitable Share Funds

Provincial Grant - Equitable Share for Swellendam Municipality.

Walking path : Tinley street

Provincial Grant

Economic Development Plan

Provincial Grant - Economic Development Plan for Swellendam Municipality.

Financial Management Grant

DORA - Implementation of the MFMA.

Multi-purpose Centrum - Salaries

Provincial Grant - Salaries for employees of the Multi Purpose Centrum for the first 3 years.

Multi-purpose Centrum

Provincial Grant - Building of Multi Purpose Centre for Swellendam Municipality.

Sewerage Network

Provincial Grant

Electricity Master plan

Provincial Grant - Create a Electricity Master Plan for Swellendam Municipality.

Name of municipality:	Swellendam Municipality	Demarcation Code:	
Name of preparer:	Mr. Nigel Delo	Date completed:	31-Mar-08
Contact Details:	028 514 4100	Financial period:	07-08
Capacity category:	Low Capacity	(delete whichever not applicable)	

Financial reporting standard	Milestones to be achieved to comply with the standard <i>[include the key challenges that have to be overcome]</i>	Amendment to milestone and or achievement of milestone <i>[include whether the milestones have been achieved or not, the reasons for amendments to the milestones and the reasons for non-achievement]</i>	Person responsible
Presentation of financial statements (GRAP 1)	- Preparation of GRAP compliant financial statements. - Challenges as listed below.	The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008	CFO
Cash flow statements (GRAP 2)	- Obtain a thorough understanding of the format of the cash flow statement. - No challenges to overcome.	The municipality is on target to prepare GRAP AFS for the year ended 30 June 2008	CFO
Accounting policies, changes in accounting estimates and errors (GRAP 3)	- A draft accounting policy has been prepared - The municipality has appointed external specialists to assist with the implementation of GRAP and to capacitate the preparers of the financial statements with the disclosure requirements of GRAP 3 - The municipality will have to investigate what the potential impact of Standards approved but not yet effective may be on the annual financial statements	The municipality is on target to achieve this milestone	CFO
The Effects of Changes in Foreign Exchange Rates (GRAP 4)	The municipality is not involved in any foreign currency transactions.	As before	CFO
Consolidated and Separate Financial Statements (GRAP 6)	The municipality has established through a review that it does not have any entities in which it has a controlling interest	As before	CFO
Investments in Associates (GRAP 7)	The municipality has established through a review that it does not have any entities over which it has significant influence	As before	CFO
Interests in Joint Ventures (GRAP 8)	The municipality must still complete the review to establish if it is involved in any public private partnerships which may constitute a joint venture.	As before	CFO
Revenue from Exchange Transactions (GRAP 9)	- The municipality will review all revenue sources in order to establish compliance with this Standard. - External specialists have been appointed to assist with the review. - The potential impact of paragraph 12 and SAICA Circular 09/06 will have to be assessed.	The municipality is on target to achieve this milestone.	CFO
Construction Contracts (GRAP 11)	The municipality will review the Standard in order to understand what constitutes a construction contract as defined by the Standard	The municipality is on target to achieve this milestone	CFO
Inventories (GRAP 12)	- The municipality will review the Standard in order to understand its requirements. - The municipality's costing systems will be reviewed in order to establish if its current reporting capability is sufficient to comply with the requirements of the Standard - Any adjustments required to the costing system will be made.	The municipality is on target to achieve this milestone.	CFO